



February 14, 2013

Senator John Cornyn
United States Senate
517 Hart Senate Office Building
Washington, DC 2051

Dear Senator Cornyn:

On behalf of the 362,000 member National Taxpayers Union (NTU), I write to provide our endorsement of the “Consensus Balanced Budget Amendment” (BBA), S.J. Res.7. As you know, NTU has supported several versions of the BBA, and your approach is among those worthy of expedited consideration in this Congress.

To the members of NTU, a BBA would provide the very lifeblood that will restore and sustain the financial health of our Republic. We are therefore most pleased over the growing interest among Members of Congress and state legislators in various BBA concepts. Your proposal admirably harnesses this energy, by combining and refining elements from several amendments introduced previously in Congress. These include strong “supermajority” safeguards against reckless tax or debt increases as well as override provisions to confront the realities of military conflicts.

Also of great importance is the amendment’s spending limitation clause. Although several types of mechanisms could answer to the purpose of controlling growth in expenditures, any decision to incorporate Gross Domestic Product (GDP) in the calculus must pay heed to historical experience. In this case, an annual spending cap at 18 percent of GDP is the most prudent choice. Such a level reflects the share of economic output that federal revenues have typically represented since World War II. Given that constitutional amendments should be designed with a long nod to the past and an equally farsighted view to the future, 18 percent is a logical benchmark.

In addition, establishing the expenditure limit at 18 percent would make a vital contribution toward harmonizing all parts of the amendment so that the whole functions as intended. An assumption that spending should normally be linked to the average and customary federal revenue proportion would by its very nature give Congress and the President a starting point that is closer to balance. Indeed, the limit helps to remedy Washington’s increasingly metastasized affliction of tax-spend-and-borrow, by elevating the concept of expenditure restraint to its rightful place in policymaking. While the two-thirds “supermajority” override requirement is essential to ensuring this place, so is the 18 percent expenditure level for purposes of this particular BBA. If set too high, the spending limit would merely institutionalize, rather than minimize, deficits. Recent spending-to-GDP ratios in excess of 20 percent – and the resulting pressures to borrow or tax even more – ought to convince fiscal disciplinarians of the need for a carefully-designed limit.

Recent fiscal “cliffs,” ongoing budget battles, and economic woes make it clear that a strong BBA is the best and only true remedy to establish the long-term stability and sustainability to the federal budget we so urgently need. NTU is pleased to urge Senators to co-sponsor and work toward the swift passage of BBA legislation such as S.J. Res. 7. Together, we can fulfill this long-overdue obligation to our generation and ones to follow.

Sincerely,

Pete Sepp
Executive Vice President